

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Social Services		(2) MEETING DATE January 24, 2006		(3) CONTACT/PHONE Trish Avery Caldwell (805) 781-1970	
(4) SUBJECT Request to approve contract with Document Fulfillment Services (DFS) for the approval of CalWIN Client Correspondence Printing and Mailing for Fiscal Year 2005/2006 and 2006/2007 (17 months) in the amount of \$126,818 dollars.					
(5) SUMMARY OF REQUEST The Department of Social Services (DSS) is requesting approval of a contract with Document Fulfillment Services (DFS), for CalWIN Client Correspondence Printing and Mailing.					
(6) RECOMMENDED ACTION It is recommended that your Board approve, and direct the Chairperson to sign, a contract with Document Fulfillment Services (DFS) for CalWIN Client Correspondence Printing and Mailing service for Fiscal Year 2005/2006 and 2006/2007 (17 months).					
(7) FUNDING SOURCE: Federal 50% State 35% County 15%		(8) CURRENT YEAR COST FY 2005/06 \$18,974 FY 2006/07 \$107,844		(9) ANNUAL COST \$18,974 \$107,844	
(10) BUDGETED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> N/A <input type="checkbox"/> No					
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): County Counsel has reviewed and approved these contracts as to legal form and effect.					
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____					
(13) ADMINISTRATIVE OFFICE REVIEW <div style="text-align: right; font-family: cursive; font-size: 1.2em;">OK Dan Buckshir</div>					
(14) SUPERVISOR DISTRICT(S) 1st, 2nd, 3rd, 4th, 5th, <u>ALL</u>			(15) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		
(16) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)			(17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig + 4 copies) <input checked="" type="checkbox"/> Contracts (2 Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input type="checkbox"/> N/A		
(18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A			(19) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		

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(1-24-06)



DEPARTMENT OF SOCIAL SERVICES

3433 South Higuera Street, Post Office Box 8119
San Luis Obispo, California 93403-8119

TO: Board of Supervisors

FROM: Leland W. Collins, Social Services Director

DATE: January 24, 2006

SUBJECT: Request to approve contract with Document Fulfillment Services (DFS) for the approval of CalWIN Client Correspondence Printing and Mailing for Fiscal Year 2005/2006 and 2006/2007 (17 months) in the amount of \$126,818 dollars.

Recommendation

It is recommended that your Board approve, and direct the Chairperson to sign, a contract with Document Fulfillment Services (DFS) for CalWIN Client Correspondence Printing and Mailing service for Fiscal Year 2005/2006 and 2006/2007 (17 months).

Discussion

The San Luis Obispo County Department of Social Services (DSS) is currently in the process of implementing the CalWORKs (California Work Opportunity and Responsibility to Kids) Information Network (CalWIN), a new primary business application for determining public assistance eligibility. CalWIN will compute, issue and track benefits for CalWORKs, Medi-Cal, Food Stamps, General Assistance and Foster Care. The new system meets federal requirements for a Statewide Automated Welfare System and will replace the current system, Welfare Case Data Systems (CDS) developed in 1968.

The eligibility process and requirements for written, timely notice to participants make printing a critical component of the case management process. Currently eligibility staff order and extract client correspondence in CDS through a local host computer. The client correspondence are printed by the Information Technology (IT) Department and returned to DSS to be manually folded, inserted, sorted and mailed. The new CalWIN technology capacity far surpasses that of CDS. CalWIN not only captures and links much more client data than CDS it also provides improvements in the printing process that includes customization of standard correspondence when necessary, high resolution printing, automation of the printing, mailing and tracking process. With the implementation of CalWIN, the data to produce client correspondence will no longer be extracted locally, but will be extracted from the Electronic Data Systems (EDS) host computer in Folsom, CA.

Using the new CalWIN system Participant Services Employment/Resource Specialists (ERS) will spend time conducting one-on-one, face-to-face interviews with families and entering personal

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and financial data directly into the new CalWIN system to determine eligibility to public assistance programs. DFS will provide all printing services to process CalWIN client correspondence, which includes paper, envelopes, printing, folding, inserting, presorting, and mailing within twenty-four (24) hours of receiving the client information outlining what to print and mail. DFS will also be able to provide daily, weekly and/or monthly reports of work processes and costs.

San Luis Obispo is one (1) of eighteen (18) counties in the CalWIN Consortium that will implement CalWIN. Over the course of the CalWIN development project, consortia counties have provided considerable input into the design of the CalWIN system. However, printing resources are not part of the CalWIN project contract, leaving counties to provide their own printing solutions. Since all eighteen (18) counties face similar challenges and requirements for meeting the CalWIN printing specifications and mandated regulatory requirements, consortia members have developed a strategy that attempts to standardize the printing solution, maintains data integrity, and avoids duplication of effort, meets regulatory requirements and is cost effective in the CalWIN environment. This strategy has resulted in the development of a common scope of work for printing solutions in each county, as well as a standard Request for Proposal (RFP) process for procuring these services. San Luis Obispo County is scheduled to "go live" with the new CalWIN system on May 1, 2006, and will be the sixteenth (16th) of eighteen (18) counties to implement this new system.

The term of the contract is February 1, 2006 through June 30, 2007, which includes a two-month testing period prior to the CalWIN "go live" date of May 2006.

Other Agency Involvement

County Counsel has reviewed and approved these contracts as to legal form and effect.

Fiscal Considerations

Cost for the first five (5) months of service shall not exceed \$18,974 dollars, and includes a \$1,000 dollar set-up fee, and \$10,000 dollars for two (2) months of printing and postage. These funds are included in the DSS budget for Fiscal Year (FY) 2005/2006. The annual cost for FY 2006/2007 are determined on a cost-per-unit basis and shall not exceed \$107,844 dollars and will be included in the DSS annual budget.

The cost of printing and mailing using the current CDS system in FY 2005/2006 is estimated at \$180,000 dollars, and includes the cost of forms (\$20,000), paper (\$7,000) and Information Technology (IT) Enterprise Services and Printing (\$153,000). It is projected the total cost in FY 2006/2007 for IT Enterprise Services and Printing will be reduced to an estimated \$18,000 dollars and all other costs (i.e., paper and forms) will be covered by the new DFS contract. The new contract with DFS will result in an estimated \$50,000 cost savings for the County.

Agency	FY 04/05	FY 05/06	FY 06/07	Notes	Sharing Ratios			
					Fed	State	Co	Other
DFS	.00	\$18,974.00	\$107,844.00	Client Correspondence Printing & Mailing	50%	35%	15%	

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Results

With the approval of this contract, the Board provides the necessary resources to enable staff to provide professional and timely notice of benefits to community members who are applying for assistance.

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**Document Fulfillment Services
Agreement for
CalWIN Client Correspondence Processing Services
Funding Amount \$126,818**

AGREEMENT FOR PROVISION OF SERVICES

This agreement ("Agreement"), dated as of February 1, 2006, ("Effective Date") is by and between the County of San Luis Obispo Department of Social Services, a political subdivision of the State of California (hereinafter "County"), and Document Fulfillment Services, a California Corporation (hereinafter "Contractor").

RECITALS

WHEREAS, Contractor represents that it is a duly qualified document processing service, experienced in printing, mailing and related services; and

WHEREAS, County has determined that the services described herein are services of benefit to the citizens of San Luis Obispo County; and

WHEREAS, the County's administration of public assistance programs requires significant correspondence with program clients; and

WHEREAS, County has determined, it is necessary and desirable to employ the services of Contractor for CalWIN Client Correspondence Processing.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the parties hereto agree as follows:

AGREEMENT

1. Scope of Services.

- 1.1. Contractor's Specified Services. Contractor shall perform the services described in Exhibit A, attached hereto and incorporated herein by this reference (hereinafter "Scope of Work"), and within the times or by the dates provided for in Exhibit A and pursuant to Section 7, Prosecution of Work, as identified in this contract. In the event of a conflict between the body of this Agreement and Exhibit A, the provisions in the body of this Agreement shall control.
- 1.2. Cooperation with County. Contractor shall cooperate with County and County staff in the performance of all work hereunder.
- 1.3. Performance Standard. Contractor shall perform all work hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor's profession. If County determines that any of Contractor's work is not in accordance with such level of competency and standard of care, County, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with County to review the quality of the work and resolve matters of concern; (b) require Contractor to repeat the work at no additional charge until it is satisfactory; (c) terminate this Agreement

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pursuant to the provisions of Section 4, Termination, as identified in this contract, or (d) pursue any and all other remedies at law or in equity.

1.4. Assigned Personnel.

1.4.1. Contractor shall assign only competent personnel to perform work hereunder. In the event that at any time County, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform work hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from County.

1.4.2. Any and all persons identified in this Agreement or any exhibit hereto as the project manager, project team, or other professional performing work hereunder are deemed by County to be key personnel whose services were a material inducement to County to enter into this Agreement, and without whose services County would not have entered into this Agreement. Contractor shall not remove, replace, substitute, or otherwise change any key personnel without the written notification to County.

1.4.3. In the event that any of Contractor's personnel assigned to perform services under this Agreement become unavailable due to resignation, sickness or other factors outside of Contractor's control, Contractor shall be responsible for timely provision of adequately qualified replacements.

2. Payment. County shall pay Contractor for all services and incidental costs required hereunder, in accordance with Exhibit B, attached hereto and incorporated herein by reference (hereinafter "Fiscal Provisions").

3. Term of Agreement. County and Contractor have agreed the term of this Agreement shall be from February 1, 2006, to June 30, 2007, unless terminated earlier in accordance with the provisions of Section 4, Termination, as identified in this contract.

3.1. Prior to the end of the initial term, County may exercise an option, in writing, to renew this Agreement an additional year (Fiscal Year 2007/08) under the existing terms and conditions. County may exercise this option in each subsequent year for up to an additional three (3) years.


4. Termination.

4.1. Termination of Contract for Convenience of Either Party: Either party may terminate this contract at any time by giving to the other party thirty (30) days written notice of such termination. Termination shall have no effect on the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of said termination.

4.2. Termination of Contract for Cause: If any of the following occur, County shall have the right to terminate this Contract effective immediately upon giving written notice to Contractor:

4.2.1. Contractor fails to perform its duties to the satisfaction of County;

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- 4.2.2. Contractor fails to fulfill in a timely and professional manner its obligation under this Contract; or
 - 4.2.3. Contractor, or its agents or employees, fail to exercise good behavior either during or outside of working hours that is of such a nature as to bring discredit upon County.
 - 4.3. Power to Terminate Contract: The Director of County Department of Social Services may effectuate Termination of the Contract without need for action, approval or
 - 4.4. Delivery of Work Product and Final Payment Upon Termination. In the event of termination, Contractor, within 30 days following the date of termination, shall deliver to County all materials and work product subject to Section 7.11, Ownership and Disclosure of Work Product, as identified in this contract, and shall submit to County an invoice showing the services performed, hours worked, and copies of receipts for reimbursable expenses up to the date of termination.
5. Indemnification.
- 5.1. Contractor shall defend, indemnify, and hold harmless the County, its officers and employees, from all claims, demands, damages, costs, expenses, judgments, attorney fees, liabilities or other losses that may be asserted by any person or entity, including Contractor, and that arise out of or are made in connection with the acts or omissions, relating to the performance of any duty, obligation, or work hereunder. The obligation to indemnify shall be effective and shall extend to all such claims and losses, in their entirety, even when such claims or losses arise from the comparative negligence of the County, its officers and employees. However, this indemnity will not extend to any claims or losses arising out of the sole negligence or willful misconduct of the County, its officers and employees.
- The preceding paragraph applies to any theory of recovery relating to said act or omission by the Contractor, or its agents, employees, or other independent contractors directly responsible to the Contractor, including, but not limited to the following:
- 5.1.1. Violation of statute, ordinance, or regulation.
 - 5.1.2. Professional malpractice.
 - 5.1.3. Willful, intentional or other wrongful acts, or failures to act.
 - 5.1.4. Negligence or recklessness.
 - 5.1.5. Furnishing of defective or dangerous products.
 - 5.1.6. Premises liability.
 - 5.1.7. Strict Liability.
 - 5.1.8. Inverse condemnation.
 - 5.1.9. Violation of civil rights.
 - 5.1.10. Violation of any Federal or State statute, regulation or ruling resulting in a determination by the Internal Revenue Service, California Franchise Tax Board, or any other California public entity responsible for collecting payroll taxes Contractor is not an independent contractor.
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5.2. The parties expressly agree that the indemnification clauses in this Contract are an integral part of the performance of this Contract. The compensation in this Contract includes compensation for the risks that are transferred to Contractor by the indemnification clauses.

6. Insurance. With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, Contractors, and other agents to maintain, insurance as described below:

6.1. Workers' Compensation Insurance. Workers' Compensation Insurance with statutory limits as required by the Labor Code of the State of California. Said policy shall be endorsed with the following specific language:

This policy shall not be cancelled or materially changed without first giving thirty (30) days' prior written notice to County.

6.2. General Liability Insurance. Commercial general liability insurance covering bodily injury and property damage using an occurrence policy form, in an amount no less than One Million Dollars (\$1,000,000.00) combined single limit for each occurrence. Said commercial general liability insurance policy shall either be endorsed with the following specific language or contain equivalent language in the policy:

6.2.1. The County, its officers and employees, is named as additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Agreement.

6.2.2. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability.

6.2.3. The insurance provided herein is primary coverage to the County with respect to any insurance or self-insurance programs maintained by the County.

6.2.4. This policy shall not be cancelled or materially changed without first giving thirty (30) days prior written notice to the County.

6.3. Automobile Insurance. Automobile liability insurance covering bodily injury and property damage in an amount no less than One Million Dollars (\$1,000,000) combined single limit for each occurrence. Said insurance shall include coverage for owned, hired, and non-owned vehicles. Said policy shall be endorsed with the following language:

This policy shall not be cancelled or materially changed without first giving thirty (30) days prior written notice to the County.

6.4. Professional Liability Insurance. Professional liability insurance for all activities of Contractor arising out of or in connection with this Agreement in an amount no less than One Million Dollars (\$1,000,000) combined single limit for each occurrence. Said policy shall be endorsed with the following specific language:

This policy shall not be cancelled or materially changed without first giving thirty (30) days prior written notice to the County.

6.5. Documentation. The following documentation shall be submitted to the County:

6.5.1. Properly executed Certificates of Insurance clearly evidencing all coverage, limits, and endorsements required above. Said Certificates shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Certificates of Insurance evidencing the above-required coverage, limits, and endorsements on file with the County for the duration of this Agreement.

6.5.2. Signed copies of the specified endorsements for each policy. Said endorsement copies shall be submitted within thirty (30) days of execution of this Agreement.

6.5.3. Upon County's written request, certified copies of the insurance policies. Said policy copies shall be submitted within thirty (30) days of County's request.

6.5.4. After the Agreement has been signed, signed Certificates of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.

6.6. Policy Obligations. Contractor's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

6.7. Material Breach. If Contractor, for any reason, fails to maintain insurance coverage, which is required pursuant to this Agreement, the same shall be deemed a material breach of this Agreement. County, in its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance. These remedies shall be in addition to any other remedies available to County.

7. Representations of Contractor.

7.1. Standard of Care. County has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees that all its work will be performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by County shall not operate as a waiver or release.

7.2. Status of Contractor. The parties intend that Contractor, in performing the services specified herein, shall act as an independent contractor and shall control the work and the manner in which it is performed. Contractor is not an agent or employee of County and is not entitled to participate in any pension plan, worker's compensation plan, insurance, bonus, or similar benefits County

provides its employees. In the event County exercises its right to terminate this Agreement pursuant to Section 4, Termination, as identified in this contract, Contractor expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to employees.

- 7.3. No Suspension or Debarment. Contractor warrants that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in covered transactions by any federal department or agency. Contractor also warrants that it is not suspended or debarred from receiving federal funds as listed in the List of Parties Excluded from Federal Procurement or Non-procurement Programs issued by the General Services Administration.
- 7.4. Taxes. Contractor agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Contractor agrees to indemnify and hold County harmless from any liability which it may incur to the United States or to the State of California as a consequence of Contractor's failure to pay, when due, all such taxes and obligations. In case County is audited for compliance regarding any withholding or other applicable taxes, Contractor agrees to furnish County with proof of payment of taxes on these earnings.
- 7.5. Records Maintenance. Contractor shall maintain accounting records in accordance to Generally Accepted Accounting Principles (GAAP) and shall obtain the services of a qualified bookkeeper or accountant to ensure that accounting records meet this requirement. Contractor shall keep and maintain full and complete documentation and accounting records concerning all services performed that are condensable under this Agreement and shall make such documents and records available to County for inspection at any reasonable time. Contractor shall maintain such records for a period of five (5) years following completion of work hereunder.
- 7.5.1. Contractor shall, during normal business hours and as often as any agent of the county, state, or federal government may deem necessary, make available for examination and/or duplication all of its records with respect to all matters covered by this Agreement. Contractor acknowledges that the above-named entities shall have the right to observe, monitor, evaluate, audit, examine, and investigate all activities of Contractor and its Subcontractors associated with this Agreement.
- 7.5.2. In compliance with 29 CFR 95.53 and 45 CFR 74.53: Retention and Access Requirements for Records, Contractor shall retain all records pertinent to this Agreement, including financial, statistical, property, and participant records and supporting documentation for a period of five (5) years from the date of final payment of this Agreement. If, at the end of five (5) years, there is ongoing litigation or an outstanding audit involving those records, Contractor shall retain the records until resolution of the litigation or audit.

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- 7.6. Rights to Data. County and the state shall have unlimited rights to any data produced or delivered under this Agreement. This provision shall include data generated through the use or development of computer programs and applications, or the maintenance of databases or other computer data processing programs, including the inputting of data.
- 7.7. Conflict of Interest. Contractor covenants that it presently has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. In addition, if requested to do so by County, Contractor shall complete and file and shall require any other person doing work under this Agreement to complete and file a "Statement of Economic Interest" with County disclosing Contractor's or such other person's financial interests.
- 7.8. Nondiscrimination. Contractor shall comply with all applicable federal, state, and local laws, rules, and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition, pregnancy, disability, sexual orientation or other prohibited basis. All nondiscrimination rules or regulations required by law to be included in this Agreement are incorporated herein by this reference.
- 7.9. AIDS Discrimination. Contractor agrees to comply with the provisions of Chapter 19, Article II, of the San Luis Obispo County Code prohibiting discrimination in housing, employment, and services because of AIDS or HIV infection during the term of this Agreement and any extensions of the term.
- 7.10. Assignment of Rights. Contractor assigns to County all rights throughout the world in perpetuity in the nature of copyright, trademark, patent, right to ideas, in and to all versions of the plans and specifications, if any, now or later prepared by Contractor in connection with this Agreement. Contractor agrees to take such actions as are necessary to protect the rights assigned to County in this Agreement, and to refrain from taking any action which would impair those rights. Contractor's responsibilities under this provision include, but are not limited to, placing proper notice of copyright on all versions of the plans and specifications as County may direct, and refraining from disclosing any versions of the plans and specifications to any third party without first obtaining written permission of County. Contractor shall not use or permit another to use the plans and specifications in connection with this or any other project without first obtaining written permission of County.
- 7.11. Ownership and Disclosure of Work Product. All reports, original drawings, graphics, plans, studies, and other data or documents ("documents"), in whatever form or format, assembled or prepared by Contractor or Contractor's subcontractors, Contractors, and other agents in connection with this Agreement shall be the property of County. County shall be entitled to immediate possession of such documents upon completion of the work pursuant to this Agreement. Upon expiration or termination of this Agreement, Contractor shall promptly

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deliver to County all such documents, which have not already been provided to County in form or format, as County deems appropriate. Such documents shall be and will remain the property of County without restriction or limitation. Contractor may retain copies of the above described documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of County.

- 7.12. Confidentiality. Contractor shall protect from unauthorized disclosure names and other information obtained in the client correspondence process concerning persons receiving services from County pursuant to this Contract, except for statistical information not identifying any client. Contractor shall not use such information for any purpose. Contractor shall promptly transmit to the County all requests for disclosure of such information not emanating from the client. Contractor shall not disclose, except as otherwise specifically permitted by this Contract or authorized by the client, any such information to anyone other than County without prior written authorization from County. For purposes of this paragraph, identity shall include, but not be limited to, name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.
- 7.12.1. No person will publish, disclose or use or permit or cause to be published, disclosed or used any confidential information obtained in the client correspondence process pertaining to an applicant or recipient.
- 7.12.2. Contractor agrees to inform all employees, agents and partners of the confidentiality provisions and that any person knowingly and intentionally violating the provisions of this paragraph may be terminated.
- 7.12.3. Contractor understands and agrees that this provision shall survive any termination or expiration of this Agreement.
- 7.13. Political Activities. Contractor warrants it will not use funds made available under this Agreement for the purposes of lobbying or political activities.
- 7.14. Program Income. If activities of program participants or of staff funded under this Agreement result in any income to Contractor, that income should be reported to County for directions as to disposition in accordance with instructions received by County from the State of California. In the event Contractor receives any compensatory credits and refunds, such as those resulting from workers' compensation dividend checks and annual insurance reductions, for which County has previously reimbursed Contractor, then Contractor shall remit such compensatory credits and refunds to County.
- 7.15. Environmental Standards. Contractor shall comply with mandatory state standards and policies related to energy efficiency, which are contained in the state energy conservation plan issued in compliance with the Energy Policy Conservation Act, PL 94-163. In accordance with 29CFR Part 97, if Contractor receives more than \$100,000 under this Agreement, Contractor shall comply with all applicable federal standards, orders, or requirements issued under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act.

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8. Demand for Assurance. Each party to this Agreement undertakes the obligation that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arise with respect to the performance of either party, the other may in writing demand adequate assurance of due performance and until such assurance is received may, if commercially reasonable, suspend any performance for which the agreed return has not been received. "Commercially reasonable" includes not only the conduct of a party with respect to performance under this Agreement, but also conduct with respect to other agreements with parties to this Agreement or others. After receipt of a justified demand, failure to provide within a reasonable time, but not exceeding thirty (30) days, such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of this Agreement. Acceptance of any improper delivery, service, or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance. Nothing in this Section 10 limits County's right to terminate this Agreement pursuant to Section 4, Termination, as identified in this contract.
9. Entire Agreement and Modifications: This Contract supercedes all previous contracts and constitutes the entire understanding of the parties hereto. Contractor shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. Contractor specifically acknowledges that in entering into and executing this Contract, Contractor relies solely upon the provisions contained in this Contract and no others.
10. Assignment and Delegation. Neither party hereto shall assign, delegate, sublet, or transfer any interest in or duty under this Agreement without the prior written consent of the other, and no such transfer shall be of any force or effect whatsoever unless and until the other party shall have so consented.
11. Method and Place of Giving Notice, Submitting Bills and Making Payments. All notices, bills, and payments shall be made in writing and shall be given by personal delivery or by U.S. Mail or courier service. Notices, bills, and payments shall be addressed as follows:

COUNTY: Sandi Morrison, Supervising Accounting Technician
San Luis Obispo County Department of Social Services
P.O. Box 8119
San Luis Obispo, CA 93403-8119
Facsimile: (805) 781-1860

CONTRACTOR: Document Fulfillment Services
910 Riverside Parkway, #40
W. Sacramento, CA 95605
Facsimile: (916) 374-9011

When a notice, bill or payment is given by a generally recognized overnight courier service, the notice, bill or payment shall be deemed received on the next business day. When a copy of a notice, bill or payment is sent by facsimile, the notice bill or payment shall be deemed received upon transmission as long as (1) the original copy of the notice, bill or payment is promptly deposited in the U.S. mail, (2) the sender has a written confirmation of the facsimile transmission, and (3) the facsimile is transmitted before 5 p.m. (recipient's time). In all other instances, notices, bills and payments shall be

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effective upon receipt by the recipient. Changes may be made in the names and addresses of the person to who notices are to be given by giving notice pursuant to this paragraph.

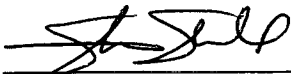
12. Miscellaneous Provisions.

- 12.1. No Waiver of Breach. The waiver by County of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.
- 12.2. Construction. To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and County acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and County acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.
- 12.3. Consent. Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.
- 12.4. No Third Party Beneficiaries. Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.
- 12.5. Applicable Law and Forum. This Agreement shall be construed and interpreted according to the substantive law of California, regardless of the law of conflicts to the contrary in any jurisdiction. Any action to enforce the terms of this Agreement or for the breach thereof shall be brought and tried in the forum nearest to the city of San Luis Obispo, in the County of San Luis Obispo.
- 12.6. Captions. The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.
- 12.7. Merger. This writing is intended both as the final expression of the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to Code of Civil Procedure Section 1856. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.
- 12.8. Time of Essence. Time is and shall be of the essence of this Agreement and every provision hereof.

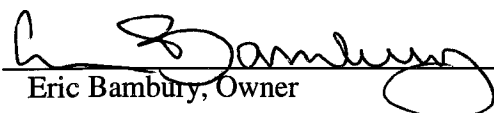
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

CONTRACTOR:

By: 
Steve Shill, General Manager

Date: 12/28/05

By: 
Eric Bambury, Owner

Date: 12/28/05

COUNTY OF SAN LUIS OBISPO
COUNTY COUNSEL

Approved as to form and legal effect.

COUNTY COUNSEL
JAMES B. LINDHOLM, JR

By: 
Deputy County Counsel

Date: 1/4/06

COUNTY OF SAN LUIS OBISPO

A public entity in the State of California

By: _____
Chair, Board of Supervisors

Date: _____

ATTEST:

By: _____
County Clerk and Ex-Officio Clerk
of the Board of Supervisors

Date: _____

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EXHIBIT A
SCOPE OF WORK

CalWIN Correspondence Printing

1. Services. Contractor agrees to exercise special skill to accomplish the following results:
 - 1.1. County and/or its agent shall provide Contractor with data from which Contractor can generate printed client correspondence.
 - 1.2. Using data as provided by County, and/or its agent, Contractor shall manage the client correspondence process, which may include but is not limited to printing, insertion of enclosures, and mailing all requests as provided herein at Contractor's facility.
 - 1.2.1 County and/or its agent, shall make available to Contractor the data referenced in 1.1 above, Tuesday through Saturday at or about 6:00AM. It shall be Contractor's responsibility to pick-up the data at the EDS Data Center at 10888 White Rock Road, Rancho Cordova, CA, or other location as designated by county in writing.
 - 1.2.2 Contractor shall deliver completed client correspondence documents to United States Postal Service (USPS) on the same day that the data was made available to Contractor as provided in 1.2.1 above, in time for next day delivery to addressee. Contractor understands and acknowledges timely document delivery to client is integral to the performance of this Agreement. Failure to timely deliver as provided herein shall be deemed material breach.
 - 1.2.3 In the event of a delay or damage to the data provided to Contractor, which is not due to the fault of Contractor, the delivery of the County client correspondence documents to USPS may be delayed no more than twenty-four (24) hours from the time Contractor obtains the accurate data from County and/or its agent.
 - 1.2.3.a. In order for County to comply with the "10-day Negative Action" rules and regulations as necessary in the administration of public assistance programs, when the delay or damage to the data issued to Contractor is eleven (11) calendar days prior to month end, and the delay is six (6) hours or less from regular pick-up time (i.e., no later than 12:00PM), Contractor shall make processing client correspondence a first priority and deliver client correspondence to the USPS in time for next-day USPS delivery to the addressee. If delay is longer than six (6) hours Contractor shall contact County to inform that delivery may not be timely.
 - 1.2.3.b. County will provide Contractor with designated monthly negative action cut-off dates (i.e., 11-calendar days prior to month end) to ensure client correspondences are mailed timely and in compliance with federal and state regulations.

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- 1.2.3.c. Errors or variation that will cause a delay in County client correspondences mailed as outlined in Exhibit A, Section 1.2.1, must be reported to the County immediately.
- 1.3 Contractor shall create client correspondence by a batch process that contains multiple files of Printer Control Language 5 (PCL 5) images. Each document shall contain a header section with document layout information that identifies the information regarding each correspondence (i.e., non-op header). All client correspondence files shall be available for print in English and Spanish languages.
- 1.3.1 The non-op header section shall be part of the PCL 5 stream in each set of client correspondence and is not be a separate record.
- 1.3.2 EDS or other agent as County may designate, will store client correspondence print files on no more than five (5) DVD disks for Contractor. Smaller client correspondence print files may be sent to Contractor via File Transfer Protocol (FTP) instead of on DVD disks as arranged by EDS and Contractor. To ensure security Contractor shall have a secure FTP site with 128-bit encryption capability or other comparable security capability.
- 1.4. Contractor services shall include materials (paper, envelopes, DVDs, etc.) and processing (receiving and batching data, printing, folding, inserting, presorting, delivery to USPS, etc.). Postage costs shall be invoiced separately to County and reimbursed to the Contractor at the actual cost paid by Contractor to USPS for mailings.
- 1.5. County may require additional documents (i.e., flyer, letter, envelop, etc.) to be inserted in the client correspondence process. Contractor must receive request with instructions from the County a minimum of five (5) business days prior to the inserts needing to be mailed.
- 1.6. County may require special handling of certain client correspondence documents.
- 1.6.1. County will notify Contractor within five (5) business days of mailing dates for all client correspondence documents that must be held for later mailings.
- 1.6.2. Contractor shall be compensated for special handling in accordance with Exhibit B, paragraph 1.1.
- 1.7. Contractor and County agree that quality control is integral to the client correspondence process. Contractor affirms that Services used are fully automated production processes capable of tracking each individual mail piece through the printing, inserting, and mailing processes. Contractor shall have processes in place to identify and remedy errors prior to mailing, including but not limited to duplicated, missing and misprinted documents and inserts.
- 1.7.1. Contractor shall provide to County a daily status processing report upon the completion of the client correspondence printing and mailing process which shall include the date and time items were mailed, the unique batch

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- identifier, the number of documents printed, items mailed, inserts included, and actual postage costs incurred.
- 1.7.2. Contractor shall have in place an automated production process that specifically tracks the client correspondence process from creation to completion. Each document will be coded uniquely to allow tracking and reprinting at any time.
 - 1.7.3. Contractor shall have an automated postage process that tracks the usage levels by weight and job name. The date, meter time and cumulative account balance will be available to County in detail. Contractor shall have the capacity to generate postage reports showing summary and/or detailed usage for a designated time period.
 - 1.7.4. Contractor will keep a close monitor on available resources. Specific thresholds will be determined for each inventory resource and quantities will be depleted upon work order completion. Contractor shall have the capacity to generate inventory reports showing summary and/or detailed usage for a designated time period.
 - 1.7.5. Contractor will submit a weekly report summarizing the daily reports for the week and postage report outlining postage costs incurred for the week.
 - 1.8. Errors in mailings involving 100 or more pieces from a single mailing, will incur a penalty credit in favor of the County in the amount of \$.04 per piece. Client correspondence mailed after the target mailing date shall be considered an error for penalty purposes as described herein.
 - 1.8.1. Errors in printing, including but not limited to items damaged, mutilated, or of poor image quality that are caused by Contractor, will be reprinted at Contractor's expense.
 - 1.8.2. Items mailed before discovery of the error shall be re-mailed at Contractor's expense.
 - 1.8.3. Costs to correct errors caused by EDS or other designated County agent shall be billed to the EDS CalWIN Project located at 10888 White Rock Road, in Rancho Cordova, CA, or other such agent.
 - 1.9. Contractor must be USPS CASS certified to ensure address cleansing and correction capability.
 2. Contacts. Contractor has assigned the following staff as contacts for County.

Account Manager: Daniel Chavez (916) 374-9002, ext. 205
Project Manager: Ken Lee (916) 374-9002, ext. 203
Problem Resolution: Steve Shill (916) 374-9002, ext. 201
 3. Disaster Recovery Procedure: Contractor shall maintain the following internal Disaster Recovery procedure during the term of this Agreement. In the event of a conflict between the body of this Agreement and this procedure, the provisions in the body of this Agreement shall control. County has the right to review and approve any changes to

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these Procedures. Contractor shall give notice of changes to County no later than fifteen (15) days of the effective date of the change.

- 3.1. In the event of fire, flood, earthquake, or any other natural disaster that would require Contractor to instigate its disaster recovery plan the following has been setup to ensure that processing will proceed during the recovery process.
 - 3.1.1. Contractor will maintain an offsite disaster recovery computer that warehouses all internal programs and County programs necessary for processing all data files.
 - 3.1.2. Contractor will maintain an external FTP site for customer transmission of files when necessary.
 - 3.1.3. Contractor will maintain contract with Ray Morgan, at 3131 Esplanade, Chico, CA 95973 to rent necessary space and laser printers to print client correspondence.
 - 3.1.4. Contractor will maintain contract with Mailroom Dynamics, at 8767 Brahma Way, Elk Grove, CA 95624 for rental of inserting equipment as may be necessary to process mail volume.
 - 3.1.5. Contractor will store monthly backup files of all customer data at an offsite location that is on a rotation schedule.
 - 3.1.6. Contractor will maintain contract with BIT LLC, at 710 S.W. 34th Street, Renton, WA 98055. BIT is a mirrored site to Contractor and warehouses Contractor's programs.

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EXHIBIT B FISCAL PROVISIONS

1. Fiscal Responsibilities. In consideration of the obligations to be performed by Contractor herein, Contractor shall be paid according to the schedule depicted below. Notwithstanding the foregoing, the total amount to be paid to Contractor under the terms of this Agreement shall in no case exceed the sum of one hundred twenty six thousand eight hundred eighteen dollars (\$126,818). Furthermore, a one-time setup fee of one thousand dollars (\$1,000) shall be paid to the contractor as a requirement for testing and customer setup. In addition to the setup fee, a two-month postage reserve of ten thousand dollars (\$10,000) will be established prior to County of San Luis Obispo's go live date of May 1, 2006.

1.1. Price schedule:

Description	Quantity	Unit Cost	Total Monthly Cost	Total Contract Cost
Daily Printing				
Laser Printing	45,000	.0455	\$2048	
Insert by Machine	5,000	.007*	\$35	
Inserts by Hand	200	.15**	\$35	
Printing Subtotal			\$2113.00	
Quarterly Reports (QR7)				
Laser Printing	39,000	.0455	\$1775	
Insert by Machine	10,000	.007	\$70	
Inserts by Hand	200	.15	\$30	
Printing Subtotal			\$1875.00	
Total Monthly Printing/Insert Cost			\$3,987.00	
Total Monthly Postage Cost***			\$5,000.00	
One Time Set-up Fee (2005/06)			\$1,000.00	
Total Cost FY 2005/06****				\$18,974.00
Total Cost FY 2006/07*****				\$107,844.00
Total Contract Cost				\$126,818.00

* Additional inserts by machine (per 1,000) \$7.00

** Additional inserts by hand (per 1,000) \$150.00

*** Postage will be billed as used. Monthly estimate \$5,000.00

**** FY 2005/06 costs include set-up fee and printing & mailing for months May and June.

***** FY 2006/07 cost will include 12 months of printing and postage.

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- 1.1.1. Initial set-up charge includes testing and customer setup into automated system.
 - 1.1.2. Per price image includes cost of materials (paper, envelopes, etc.) and cost of receiving and batching data, processing, folding, inserting, presorting, and delivery to the USPS.
 - 1.1.3. IT Changes/Enhancements (San Luis Obispo-County Specific) \$85.00.
 - 1.1.4. Special Handling Charges \$15.00 per occurrence or \$85.00 per hour.
 - 1.1.5. One month postage reserve must be maintained at all times
 - 1.1.6. Contractor will print and mail at Contractor's expense any mail piece that was returned due to print quality or inserting issues.
- 1.2. Claiming and Documentation. Contractor shall receive payment during the normal course of business following acceptance by County of Contractor's invoices. Each invoice shall be presented in duplicate and shall contain, at a minimum, the following information: invoice number and date; vendor remittance address; "bill to" and "ship to" addresses; Agreement number; item description; unit prices and extensions; sales tax and an invoice total.
- 1.3. Financial Records. Contractor understands and accepts its obligation to establish and maintain financial records of all program expenditures.
 - 1.3.1. County and its agents or designees shall, during regular business hours, have the right to copy, review or audit all Contractor accounting records that relate to monies received under this Agreement.
- 1.4. Procurement. No procurement is authorized which is not specifically identified and approved herein. For purposes of this Agreement, procurement shall mean purchase, lease or rental.
2. Repayment. Contractor is responsible for the repayment of all audit exceptions and disallowances taken by County, state, or federal agencies related to activities conducted by Contractor under this Agreement.

